

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 30 September 2014

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	927,965	830,395	2,767,794	2,412,730
Operating expenses	(866,980)	(808,176)	(2,578,918)	(2,318,381)
Other operating income	52,132	29,229	96,721	100,774
Share of net profits less losses of associates	256,336	243,631	458,918	559,608
Share of profit of joint venture	1,017	1,122	3,115	2,758
Finance costs	(4,204)	(3,221)	(15,413)	(9,341)
Profit before tax	<u>366,266</u>	<u>292,980</u>	<u>732,217</u>	<u>748,148</u>
Income tax expense	(33,702)	(9,183)	(74,142)	(36,914)
Profit for the period	<u><u>332,564</u></u>	<u><u>283,797</u></u>	<u><u>658,075</u></u>	<u><u>711,234</u></u>
Attributable to :				
Owners of the parent	324,698	286,058	635,345	701,881
Non-controlling interests	7,866	(2,261)	22,730	9,353
Profit for the period	<u><u>332,564</u></u>	<u><u>283,797</u></u>	<u><u>658,075</u></u>	<u><u>711,234</u></u>
Basic earnings per share (sen)	<u><u>27.39</u></u>	<u><u>24.13</u></u>	<u><u>53.59</u></u>	<u><u>59.21</u></u>

(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Comprehensive Income
For The Period Ended 30 September 2014

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	332,564	283,797	658,075	711,234
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	231,768	302,798	(72,841)	726,379
Fair value of available-for-sale financial assets :-				
- (Losses)/Gains arising during the period	(25,521)	17,234	(94,059)	26,086
- Reclassification adjustments to profit or loss upon disposal	-	-	-	(15,179)
Share of associates' other comprehensive loss	(80,645)	(68,758)	(15,107)	(186,106)
Total comprehensive income	<u>458,166</u>	<u>535,071</u>	<u>476,068</u>	<u>1,262,414</u>
Attributable to :				
Owners of the parent	446,539	539,663	455,111	1,250,373
Non-controlling interests	11,627	(4,592)	20,957	12,041
Total comprehensive income	<u>458,166</u>	<u>535,071</u>	<u>476,068</u>	<u>1,262,414</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2013, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Financial Position

	As at 30-Sep-14 RM'000	As at 31-Dec-13 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,206,492	1,195,996
Investment properties	195,141	204,090
Biological assets	3,050	2,877
Goodwill	74,615	74,615
Other intangible assets	2,633	2,696
Land held for property development	19,281	17,176
Investments in associates	12,801,575	12,628,152
Investment in joint venture	55,519	57,368
Other investments	565,946	660,634
Deferred tax assets	5,562	7,683
	<u>14,929,814</u>	<u>14,851,287</u>
Current Assets		
Inventories	610,271	508,493
Biological assets	19,398	17,370
Other intangible assets	10,777	11,957
Property development costs	10,391	23,165
Receivables	773,250	682,904
Derivative financial instruments	29,875	5,263
Cash, bank balances, deposits and short-term fund placements	985,517	964,991
	<u>2,439,479</u>	<u>2,214,143</u>
Non-current assets classified as held for sale	35,811	-
	<u>2,475,290</u>	<u>2,214,143</u>
TOTAL ASSETS	<u><u>17,405,104</u></u>	<u><u>17,065,430</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	14,638,371	14,467,780
Equity attributable to owners of the parent	<u>15,823,871</u>	<u>15,653,280</u>
Non-controlling interests	557,965	538,617
Total equity	<u><u>16,381,836</u></u>	<u><u>16,191,897</u></u>

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Financial Position
(continued)

	As at 30-Sep-14 RM'000	As at 31-Dec-13 RM'000
Non-current Liabilities		
Long-term borrowings	56,701	89,698
Deferred tax liabilities	87,157	79,984
	<u>143,858</u>	<u>169,682</u>
Current Liabilities		
Payables	411,392	352,739
Derivative financial instruments	5,695	6,348
Short-term borrowings	432,452	329,855
Current tax liabilities	29,871	14,909
	<u>879,410</u>	<u>703,851</u>
Total liabilities	<u>1,023,268</u>	<u>873,533</u>
TOTAL EQUITY AND LIABILITIES	<u><u>17,405,104</u></u>	<u><u>17,065,430</u></u>
Net assets per share attributable to owners of the parent (RM)	<u>13.35</u>	<u>13.20</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2013, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2014

	Non-distributable						Distributable		Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Retained earnings RM'000			
<u>9 months ended 30 September 2014</u>											
At 1 January 2014	1,185,500	6,715	45,131	(294,411)	236,187	(23,923)	246,700	14,251,381	15,653,280	538,617	16,191,897
Total comprehensive income	-	-	-	(158,082)	(94,048)	49,470	22,426	635,345	455,111	20,957	476,068
Transfer of reserves	-	-	(356)	-	-	-	2,561	(2,205)	-	-	-
Dividends	-	-	-	-	-	-	-	(284,520)	(284,520)	(1,609)	(286,129)
At 30 September 2014	1,185,500	6,715	44,775	(452,493)	142,139	25,547	271,687	14,600,001	15,823,871	557,965	16,381,836
<u>9 months ended 30 September 2013</u>											
At 1 January 2013	1,185,500	6,715	60,532	(952,538)	198,192	36,044	248,964	13,487,966	14,271,375	493,996	14,765,371
Total comprehensive income	-	-	-	576,696	10,847	(46,314)	7,263	701,881	1,250,373	12,041	1,262,414
Transfer of reserves	-	-	(13,846)	-	-	-	1,183	12,663	-	-	-
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	34,279	34,279
Dividends	-	-	-	-	-	-	-	(248,955)	(248,955)	(459)	(249,414)
At 30 September 2013	1,185,500	6,715	46,686	(375,842)	209,039	(10,270)	257,410	13,953,555	15,272,793	539,857	15,812,650

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2013, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30 September 2014

	9 months ended 30 September	
	2014	2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	732,217	748,148
Adjustments :-		
Non-cash items	(398,442)	(486,818)
Non-operating items	(16,289)	(22,842)
Operating profit before working capital changes	<u>317,486</u>	<u>238,488</u>
Working capital changes :-		
Net change in current assets	(129,315)	(105,433)
Net change in current liabilities	59,353	37,203
Cash generated from operations	<u>247,524</u>	<u>170,258</u>
Tax paid	(45,192)	(43,590)
Net cash generated from operating activities	202,332	126,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(128,292)	(157,553)
Proceeds from disposal of property, plant and equipment	1,440	26,697
Purchase of investments	(31,880)	(130,022)
Proceeds from sale of investments	-	24,034
Dividends received	241,130	191,552
Interest received	13,732	21,067
Loan to associates	(64,499)	(31,209)
Return of capital from joint venture	3,530	3,673
Other investing activities	9,749	3,538
Net cash generated from/(used in) investing activities	44,910	(48,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares by a subsidiary	-	10,932
Bank borrowings	61,376	(7,483)
Interest paid	(15,185)	(10,644)
Dividends paid	(286,129)	(249,415)
Advances from non-controlling interest of a subsidiary	11,206	23,947
Net cash used in financing activities	(228,732)	(232,663)
Net increase/(decrease) in cash and cash equivalents	18,510	(154,218)
Cash and cash equivalents brought forward	964,252	1,049,694
Effect of exchange rate changes	(198)	3,585
Cash and cash equivalents carried forward	982,564	899,061
Cash and cash equivalents represented by :-		
Cash and bank balances	218,574	131,484
Bank deposits	448,128	600,140
Short-term fund placements	318,815	167,827
Bank overdrafts	(2,953)	(390)
	<u>982,564</u>	<u>899,061</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2013, and the accompanying explanatory notes attached to this report.)

NOTES**A. Financial Reporting Standard (FRS) 134 - Paragraph 16****A1. Accounting policies**

The interim financial statements of the Group have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2013 except for the adoption of the following Amendments to FRSs and Issues Committee Interpretations ("IC Interpretation") that are effective for financial periods beginning on or after 1 January 2014 :-

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above Amendments to FRSs and IC Interpretation does not have any significant financial impact on the Group.

Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new approved accounting framework, Malaysian Financial Reporting Standards ("MFRS").

The MFRS framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 - Agriculture and IC Interpretation 15 - Agreements for Construction of Real Estate, including the entities' parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the MFRS framework and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the MFRS framework.

According to the announcement made by the MASB on 2 September 2014, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2017.

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects arising from the differences between MFRS and the currently applied FRS. The majority of the adjustments required on transition are expected to be made retrospectively, against opening retained earnings of the Group. Accordingly, the financial performance and financial position of the Group as presented in the financial statements for the year ending 31 December 2014 could be different if prepared in accordance with MFRS.

A2. Seasonality or Cyclicity of Interim Operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flow

There were no items of an unusual nature, size or incidence that affected the assets, liabilities, equity, net income and cash flows of the Group during the current financial period to-date under review.

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the prior financial year which have a material effect in the current interim period.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to-date.

A6. Dividends paid

	Individual Quarter 3 months ended 30-Sep-14 RM'000	Cumulative Quarter 9 months ended 30-Sep-14 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2013 : Final dividend - 17 sen per share single tier	-	201,535
FY2014 : Interim dividend - 7 sen per share single tier	82,985	82,985
	<u>82,985</u>	<u>284,520</u>

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 September 2014

Business Segments: <i>All figures in RM'000</i>	Flour and feed milling, and grains <u>trading</u>	Marketing, distribution & manufacturing of consumer <u>products</u>	Film exhibition and <u>distribution</u>	Environmental engineering, waste management <u>and utilities</u>	Property investment and <u>development</u>	Chemicals trading and <u>manufacturing</u>	Livestock <u>farming</u>	Investments <u>in equities</u>	Other <u>operations</u>	<u>Elimination</u>	<u>Total</u>
REVENUE											
External revenue	1,668,889	337,061	274,653	79,960	69,502	62,384	96,066	8,399	170,880	-	2,767,794
Inter-segment sales	81,189	-	-	196	1,531	21,778	1,016	-	10,876	(116,586)	-
Total revenue	<u>1,750,078</u>	<u>337,061</u>	<u>274,653</u>	<u>80,156</u>	<u>71,033</u>	<u>84,162</u>	<u>97,082</u>	<u>8,399</u>	<u>181,756</u>	<u>(116,586)</u>	<u>2,767,794</u>
RESULTS											
Segment results	163,594	22,800	46,839	794	23,942	1,896	13,348	7,175	(3,852)	-	276,536
Share of associates' profits less losses	3,980	-	2,539	4,887	4,011	-	-	-	443,501	-	458,918
Share of joint venture's profit	-	-	-	3,115	-	-	-	-	-	-	3,115
Interest income											13,554
Income from short-term fund placements											7,181
Finance costs											(15,413)
Unallocated corporate expenses											(11,674)
Profit before tax											<u>732,217</u>
ASSETS											
Segment assets	1,735,548	239,665	264,076	84,609	288,966	55,476	118,363	565,946	398,715	(70)	3,751,294
Investments in associates	232,731	-	68,184	43,026	178,214	-	-	-	12,279,420	-	12,801,575
Investment in joint venture	-	-	-	55,519	-	-	-	-	-	-	55,519
Bank deposits and short-term fund placements											766,943
Tax assets											17,025
Other unallocated corporate assets											12,748
Total assets											<u>17,405,104</u>

A8. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A9. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations for the current interim period and year to-date under review, except for the following :-

- a) On 19 March 2014, Federal Flour Mills Holdings Sdn Bhd, a dormant wholly-owned subsidiary of PPB, was struck off from the Register of Companies pursuant to Section 308 of the Companies Act 1965, and has accordingly ceased to be a subsidiary of PPB.
- b) On 4 August 2014, Lamlewa Feedmill Sdn Bhd, an indirect 80%-owned dormant subsidiary of PPB commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up is in progress.
- c) Cathay Enterprises Sdn Bhd, an indirect wholly-owned dormant subsidiary of PPB which commenced a members' voluntary winding up on 12 August 2011 has been dissolved on 18 August 2014, and has accordingly ceased to be a subsidiary of PPB.

A10. Changes in contingent liabilities or contingent assets

There were no changes in contingent assets and contingent liabilities since the end of the last annual reporting period.

A11. Capital commitments

Authorised capital commitments not provided for in the interim financial report as at 30 September 2014 were as follows:-

	RM'000
Property, plant and equipment	
- contracted	35,709
- not contracted	267,077
	<hr/> 302,786
Other capital commitments	
- contracted	130,820
	<hr/> <hr/> 433,606

A12. Significant related party transactions

Significant related party transactions during the financial period ended 30 September 2014 are as follows:-

	RM'000
Transactions with an associate	
- Management fee received/receivable	694
- Film rental received/receivable	710
	<hr/> 10,688
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	10,688
Transactions with subsidiaries of an associate	
- Purchase of goods	177,072
- Sales of goods	1,826
- Rental received	2,544
- Security and other service fees paid and payable	1,363
- Charter hire of vessels	53,164
	<hr/> <hr/> 433,606

B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Analysis of performance for the financial period to-date**

Group revenue increased by 12% to RM928 million in 3Q2014 and 15% to RM2.77 billion for 9M2014 compared with RM830 million in 3Q2013 and RM2.41 billion for 9M2013 respectively. The increase was mainly from the flour and feed milling, and grains trading segment, most of the other segments also recorded growth in revenue.

The Group registered profit before tax of RM366 million in 3Q2014, 25% higher than the RM293 million in 3Q2013. Higher profits were mainly derived from the flour and feed milling, and grains trading segment. For 9M2014, the Group recorded 2% marginally lower profit before tax of RM732 million compared with RM748 million in the same period last year. This was due mainly to lower profit contribution from an associate, Wilmar International Limited ("Wilmar").

Group financial performance by business segment

	3Q2014	3Q2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Flour and feed milling, and grains trading	587,779	519,863	67,916	13%
- Marketing, distribution and manufacturing of consumer products	112,917	105,774	7,143	7%
- Film exhibition and distribution	89,226	82,024	7,202	9%
- Environmental engineering, waste management and utilities	26,883	19,364	7,519	39%
- Property investment and development	22,578	20,983	1,595	8%
- Chemicals, Livestock, Investments and Other operations	125,432	119,402	6,030	5%
- Elimination	(36,850)	(37,015)	165	
Total revenue	927,965	830,395	97,570	12%

	9M2014	9M2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Flour and feed milling, and grains trading	1,750,078	1,512,451	237,627	16%
- Marketing, distribution and manufacturing of consumer products	337,061	299,236	37,825	13%
- Film exhibition and distribution	274,653	254,422	20,231	8%
- Environmental engineering, waste management and utilities	80,156	65,059	15,097	23%
- Property investment and development	71,033	53,159	17,874	34%
- Chemicals, Livestock, Investments and Other operations	371,399	338,449	32,950	10%
- Elimination	(116,586)	(110,046)	(6,540)	
Total revenue	2,767,794	2,412,730	355,064	15%

	3Q2014	3Q2013	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	76,294	16,786	59,508	>100%
- Marketing, distribution and manufacturing of consumer products	7,646	6,348	1,298	20%
- Film exhibition and distribution	14,758	11,148	3,610	32%
- Environmental engineering, waste management and utilities	(203)	2,692	(2,895)	>(100%)
- Property investment and development	7,134	7,869	(735)	(9%)
- Chemicals, Livestock, Investments and Other operations	3,757	3,901	(144)	(4%)
Total segment results	109,386	48,744	60,642	>100%
- Share of associates and joint venture's profits less losses	257,353	244,753	12,600	5%
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(473)	(517)	44	9%
Total profit before tax	366,266	292,980	73,286	25%

	9M2014	9M2013	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	163,594	85,784	77,810	91%
- Marketing, distribution and manufacturing of consumer products	22,800	17,185	5,615	33%
- Film exhibition and distribution	46,839	38,489	8,350	22%
- Environmental engineering, waste management and utilities	794	5,601	(4,807)	(86%)
- Property investment and development	23,942	22,248	1,694	8%
- Chemicals, Livestock, Investments and Other operations	18,567	19,971	(1,404)	(7%)
Total segment results	276,536	189,278	87,258	46%
- Share of associates and joint venture's profits less losses	462,033	562,366	(100,333)	(18%)
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(6,352)	(3,496)	(2,856)	(82%)
Total profit before tax	732,217	748,148	(15,931)	(2%)

Flour and feed milling, and grains trading

Revenue increased by 13% to RM588 million in 3Q2014 and 16% to RM1.75 billion for 9M2014 compared with RM520 million and RM1.51 billion respectively in the corresponding periods last year. Higher flour sales volume in Indonesia, Vietnam and Malaysia coupled with the increased animal feed sales volume contributed to the growth in segment revenue for 3Q2014 and 9M2014.

The segment profits increased significantly to RM76 million in 3Q2014 and RM164 million for 9M2014 mainly due to the favourable grains trading performance, higher sales volume of flour and animal feed as well as the improvement in net foreign exchange translation positions.

Marketing, distribution and manufacturing of consumer products

The segment registered a 7% growth in revenue to RM113 million in 3Q2014 and a 13% growth to RM337 million for 9M2014 compared with the same periods last year. The enlarged distributorship granted for an agency product since August 2013 and improved sales from the other existing agency products contributed to the growth in revenue.

In line with revenue growth as well as improved sales of agency products with better margins, segment profit rose 20% to RM7.6 million in 3Q2014 and 33% to RM23 million for 9M2014.

Film exhibition and distribution

Revenue was RM89 million in 3Q2014 and RM275 million for 9M2014, an increase of 9% and 8% respectively compared with the same periods last year. This was mainly due to improved cinema collections from blockbuster movies released for the Chinese New Year and summer season this year. Higher contribution from concessions and screen advertising income as well as additional revenue from new cinemas opened in 2013 also contributed to the increase.

Segment profit was RM15 million in 3Q2014 compared with RM11 million in 3Q2013, and for 9M2014, the segment's profit before tax grew by 22% to RM47 million both in line with the growth in revenue.

Environmental engineering, waste management and utilities

The segment registered improved revenue of RM27 million in 3Q2014 and RM80 million for 9M2014, representing increases of 39% and 23% respectively compared with the corresponding periods in 2013, mainly contributed by more on-going projects.

Notwithstanding the revenue growth, the segment recorded a loss of RM0.2 million in 3Q2014 compared with a profit of RM2.7 million in 3Q2013. The loss for the quarter is a one-off event and it relates to rectification works to complete a project. For 9M2014, a lower profit of RM0.8 million was registered compared with RM5.6 million for 9M2013. The higher profit in 9M2013 was mainly due to the exceptional profit recognised from the completion of a project.

Property investment and development

The higher segment revenue of RM23 million in 3Q2014 was primarily from progress billings recognised from property sales. Segment revenue for 9M2014 increased by 34% to RM71 million mainly from revenue recognition upon delivery of vacant possession of Masera bungalows in Bukit Segar, Kuala Lumpur and progress billings from properties sold in Taman Tanah Aman, Seberang Prai. Higher rental rates from renewal of tenancies also contributed to the improved segment revenue in 9M2014.

In 3Q2014, profit before tax of RM7.1 million was marginally lower compared with RM7.9 million in 3Q2013 mainly due to higher promotional expenses. Profit before tax for 9M2014 was slightly higher at RM24 million compared with RM22 million in 9M2013 due to higher progress billings coupled with the increase in rental income.

Chemicals trading and manufacturing, Livestock farming, Investments in equities and Other operations

The combined revenue from these segments increased by 5% in 3Q2014 to RM125 million and 10% for 9M2014 to RM371 million, largely due to higher revenue generated by the livestock segment. The revenue growth was driven by increased sales volume as well as higher selling prices of day-old-chicks and eggs. Most of the other segments also reported better performance in the quarter and year to-date under review.

Despite the turnaround in the livestock segment as a result of improved selling prices, improved production efficiency and effective cost control, the combined segments collectively reported lower profit of RM3.8 million in 3Q2014 and RM19 million for 9M2014 compared with RM3.9 million in 3Q2013 and RM20 million for 9M2013 respectively. This was partly due to pre-production expenses and start-up cost incurred by the bakery segment on the new chiffon cake line and the new bread line. There was also a one-time gain of RM16 million on disposal of the Group's Tradewinds (M) Berhad shares in March 2013 that contributed to higher profits for 9M2013.

Share of associates and joint venture's profits less losses

The Group's associates and joint venture contributed higher profits of RM257 million in 3Q2014 compared with RM245 million in 3Q2013, of which Wilmar's portion was RM247 million in 3Q2014 against RM245 million in 3Q2013. For 9M2014, the Group's associates and joint venture contributed lower profits of RM462 million compared with RM562 million for 9M2013. Wilmar contributed RM443 million in 9M2014 against RM546 million in 9M2013 due to the continued margin contractions in palm and laurics as well as the negative soybean crushing margins in 1Q2014.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

	3Q2014	2Q2014	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	76,294	50,146	26,148	52%
- Marketing, distribution and manufacturing of consumer products	7,646	7,641	5	0%
- Film exhibition and distribution	14,758	17,975	(3,217)	(18%)
- Environmental engineering, waste management and utilities	(203)	575	(778)	>(100%)
- Property investment and development	7,134	5,810	1,324	23%
- Chemicals, Livestock, Investments and Other operations	3,757	9,403	(5,646)	(60%)
Total segment results	109,386	91,550	17,836	19%
- Share of associates and joint venture's profits less losses	257,353	104,061	153,292	>100%
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(473)	(3,368)	2,895	86%
Total profit before tax	366,266	192,243	174,023	91%

The Group's profit before tax of RM366 million in 3Q2014 was 91% higher than the RM192 million in 2Q2014, with Wilmar contributing higher profits of RM247 million in 3Q2014 compared with RM99 million in the preceding quarter this year. The flour and feed milling, and grains trading segment profits improved primarily due to higher gains on grains trading and significant improvement in foreign exchange translation positions. The property investment and development segment recorded higher profits in 3Q2014 from higher progress billings recognised in the quarter for the Masera bungalows. The film exhibition and distribution segment profit was lower in 3Q2014 compared with 2Q2014 during which the summer blockbuster movies were released. The investments in equities recorded lower dividend income in the quarter under review.

B3. Prospects for current financial year

In Malaysia and Asia generally, domestic demand will remain the key driver of economic growth for this financial year.

The Group's flour and feed milling, consumer products, film exhibition, farm and bakery businesses are expected to perform well and will be supported by stronger domestic consumption during the year-end festive season. The environmental engineering division's on-going projects together with finalisation of completed project accounts will contribute positively in the last financial quarter. The property development division is expected to maintain its contribution to the Group.

While the Group's core businesses are expected to perform well in this financial year; its overall consolidated financial results will continue to be contingent on Wilmar's business performance.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 30-Sep-14 RM'000	Cumulative Quarter 9 months ended 30-Sep-14 RM'000
Profit before tax is stated after crediting :-		
Dividend income	1,789	8,400
Fair value gain on derivatives	41,810	52,582
Foreign exchange (loss)/gain	(2,019)	3,152
Interest income	4,575	13,554
Income from short-term fund placements	2,554	7,181
Rental income	866	2,568
Profit before tax is stated after charging :-		
Allowance for doubtful debts and write off of receivables	(748)	(2,727)
Depreciation and amortisation	(27,403)	(80,341)
Fair value on derivatives	(1,239)	(5,553)
Foreign exchange gain/(loss)	2,736	(8,636)
Interest expense	(4,204)	(15,413)
Loss on liquidation of an associate	(506)	(506)
Loss on financial assets at fair value through profit or loss	(845)	(712)

B6. Taxation

	Individual Quarter 3 months ended 30-Sep-14 RM'000	Cumulative Quarter 9 months ended 30-Sep-14 RM'000
Taxation comprises :-		
Malaysian taxation based on profit for the period		
Current	24,515	63,261
Deferred	7,004	7,867
	<u>31,519</u>	<u>71,128</u>
Foreign taxation		
Current	323	1,493
Deferred	624	665
	<u>32,466</u>	<u>73,286</u>
Underprovision		
Current	1,043	662
Deferred	193	194
	<u>33,702</u>	<u>74,142</u>

The effective tax rate is higher than the average statutory rate for the period mainly due to non-allowable expenses incurred.

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 19 November 2014.

B8. Group borrowings

Total Group borrowings as at 30 September 2014 were as follows :-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	87,244	87,244	-
Hire purchase liabilities	49	49	-
Hire purchase liabilities (SGD)	1	1	-
Repayments due within the next 12 months	(30,593)	(30,593)	-
	<u>56,701</u>	<u>56,701</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	151,665	-	151,665
Short-term loans	2,650	-	2,650
Short-term loans (USD)	154,016	-	154,016
Short-term loans (IDR)	90,575	-	90,575
Current portion of long-term loans	30,559	30,559	-
Hire purchase liabilities	33	33	-
Hire purchase liabilities (SGD)	1	1	-
	<u>429,499</u>	<u>30,593</u>	<u>398,906</u>
Bank overdrafts	2,953	-	2,953
	<u>432,452</u>	<u>30,593</u>	<u>401,859</u>

B9. Material litigation

There was no material litigation as at 19 November 2014.

B10. Dividends

The Directors do not recommend the payment of any dividend for the third quarter under review.

Dividends paid

Dividends paid for the financial year 2013 and up to the date of this report are as follows :-

Financial Year	Type	Rate per share (all single tier)	Date paid
2013	Interim dividend	8 sen	27 September 2013
2013	Final dividend	17 sen	6 June 2014
2014	Interim dividend	7 sen	26 September 2014

B11. Earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the current financial period attributable to owners of the parent by 1,185,499,882 ordinary shares in issue during the period.

There is no diluted earnings per share for the current quarter or financial period to-date as there were no dilutive potential ordinary shares.

B12. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report on the preceding annual financial statements.

B13. Realised and unrealised profits/losses

The retained profits of the Group are analysed as follows :-

	As at 30-Sep-14 RM'000	As at 31-Dec-13 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :-		
- Realised	12,349,427	12,208,286
- Unrealised	(71,136)	(77,622)
	<u>12,278,291</u>	<u>12,130,664</u>
Total share of retained profits/(accumulated losses) from associates :-		
- Realised	129,085	121,849
- Unrealised	(1,433)	(1,675)
- Wilmar International Limited ("Wilmar") *	4,362,752	4,142,851
Total share of retained profits from joint venture :-		
- Realised	7,643	6,849
	<u>16,776,338</u>	<u>16,400,538</u>
Less : consolidation adjustments	(2,176,337)	(2,149,157)
Total Group retained profits as per consolidated accounts	<u><u>14,600,001</u></u>	<u><u>14,251,381</u></u>

* *Wilmar is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and the Singapore Companies Act, Cap 50. As the breakdown may be considered price-sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.*

Kuala Lumpur
26 November 2014

By Order of the Board
Mah Teck Keong
Company Secretary